

# Continuing Benefits After Layoff

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7/29/14

## General Information and Requirements

### Applicable to:

- Employees and their covered dependents when the employee is laid off due to an employer's lack of funds or an organizational change.

### Relevant rules:

- When an employee is no longer eligible for the employer contribution towards benefits due to layoff, insurance coverage may be continued by self-paying the full premium set by the Health Care Authority (HCA), with no contribution from the employer. (see [WAC 182-12-133](#))
- The employer contribution towards Public Employees Benefits Board (PEBB) medical, dental, and basic life insurance will end at midnight, the last day of the month in which the employee is eligible for the employer contribution. (see [WAC 182-12-131](#))
  - Supplemental life insurance ends the earlier of (1) the last day of the month in which employment is terminated, or (2) the last day of the month in which the employee is eligible for the employer contribution or employee premiums were withheld, whichever is later. (see [Life Insurance Plan booklet](#))
  - Basic long-term disability (LTD) insurance ends at midnight the date employment ends.
  - Optional LTD coverage ends at midnight on the last day of the month in which employment ends or the last day in which the employee paid the premium. (see [Long-Term Disability Plan booklet](#))
- Employees who are laid off and are eligible to retire may choose to elect PEBB retiree coverage. (see [WAC 182-12-171](#))
- Employees who return to another state agency position within 24 months may be eligible for the employer contribution toward benefits for each month that the employee is in pay status for at least eight hours per month. (see [WAC 182-12-129](#) and [WAC 182-12-131](#)) The employee, upon hire, must notify the employing agency that he or she may be potentially eligible under [WAC 182-12-129](#).

The PEBB Program will mail the [Continuation of Coverage Election Notice](#) to the employee after the employer terminates coverage. (This can take up to 14 days after insurance coverage is terminated.)

In cases of layoff, employees may use the [Leave Without Pay \(LWOP\) Continuation Coverage Election](#) form. This allows employees to continue their medical, dental and life insurance on a self-pay basis for up to 29 months. This is 11 months more coverage than if the employee elects COBRA. (Links to forms are on page 3.)

Employees applying for self-pay must...	...no later than...	...or this will happen
Complete the <a href="#">Leave Without Pay (LWOP) Continuation Coverage Election form</a>	<b>60 days</b> after the postmark date of the continuation of coverage booklet	PEBB insurance coverage will end on the last day of the month in which the employee lost eligibility for the employer contribution.
Mail, hand-deliver, or fax the <a href="#">Leave Without Pay (LWOP) Continuation Coverage Election form</a> to the PEBB Program	<b>60 days</b> after the postmark date of the continuation of coverage packet	Employee will lose right to continue coverage.
Choose whether to continue any supplemental life coverage that was in force as an employee and pay the premium	<b>60 days</b> after the postmark date of the continuation of coverage packet	Coverage that was reduced or not self-paid will require evidence of insurability when reapplying in order to restore to previous level upon return to work.
Submit the first full premium payment to HCA	<b>45 days</b> after the date coverage is elected	Employee will lose right to continue coverage.

### **Additional Information**

Employees who have...	...may...	...no later than
A spouse or state-registered domestic partner eligible for employer-paid PEBB benefits as the primary subscriber	Enroll under the spouse or state-registered domestic partner's medical and /or dental coverage as a dependent	<b>60 days</b> after the date the employee lost eligibility for the employer contribution.
A Flexible Spending Account* (FSA) through the PEBB Program	Apply for continuation coverage through FSA administrator to extend the period of coverage, so that you may claim expenses incurred after employment ends	<b>60 days</b> after the date the employee lost eligibility for the employer contribution.
Employees who have...	...the employee or spouse/qualified tax dependent may...	...no later than
A spouse or Internal Revenue Code Section 152 qualified tax dependent eligible for PEBB benefits as a primary subscriber	Enroll in or change their election through the FSA administrator	<b>60 days</b> from the date FSA administrator provides notice of continuation rights.

\*FSA enrollment through PEBB is available only to employees of state agencies and higher-education institutions.

Employees applying for PEBB retiree coverage must...	... no later than...	...or this will happen
Complete the <a href="#">Retiree Coverage Election Form</a> to enroll in or defer coverage	<b>60 days</b> after employer-paid or COBRA coverage ends	PEBB coverage will end on the last day of the month in which employment ends.
Mail, hand-deliver, or fax the election form to the PEBB Program	<b>60 days</b> after employer-paid or COBRA coverage ends	Employee will lose future right to enroll in PEBB retiree coverage unless he or she regains eligibility.
Submit the first full premium payment (if not electing pension deduction from Department of Retirement Systems)	<b>45 days</b> after electing coverage	Employee will lose future right to enroll in PEBB retiree coverage unless he or she regains eligibility as an employee.

## **Guidance Resources**

- Employees retiring under plans administered by the Department of Retirement Systems (DRS) must contact DRS about retirement eligibility. For information go to [www.drs.wa.gov](http://www.drs.wa.gov) or call toll-free 1-800-547-6657.
- The employee may contact the PEBB Program at 1-800-200-1004 to request a [2014 Retiree Enrollment Guide](#) or view details and enrollment forms from [Thinking About Retirement](#).
- [Continuation of Coverage Election Notice](#)
- [Flexible Spending Account Enrollment Guide](#)

## **Forms**

- [Leave Without Pay Continuation Coverage Election](#)
- [Employee Enrollment/Change](#) (if enrolling on spouse or domestic partner's coverage)
- [Retiree Coverage Election Form](#)
- [Declaration of Tax Status](#)
- [Life Insurance Enrollment/Change Form](#) (for transferring life insurance to eligible spouse/partner)

## **Premiums**

- [Leave Without Pay](#) (applicable if self-paying to HCA)
- [Retiree health plans](#) (applicable if set up by HCA as a retiree)
- Life insurance – Retiree Premium: \$6.57
- [Employee medical](#) (if enrolling as a dependent under spouse or state registered-domestic partner's coverage.)
- [Life insurance – employee premiums](#) (premium applicable after transferring coverage)

## **WAC References**

- [182-08-180](#) - Premium payments and refunds.
- [182-08-190](#) - The employer contribution for all eligible employees.
- [182-08-198](#) - When may a subscriber change health plans?
- [182-08-200](#) - Employer contribution when changing agency employment.
- [182-12-113](#) - Obligations of state agency in employee eligibility.
- [182-12-129](#) - What happens when an employee changes positions but loses eligibility due to layoff?
- [182-12-131](#) - How eligible employees maintain the employer contribution toward insurance coverage?
- [182-12-133](#) - Options for continuing coverage eligible when on certain types of leave or layoff.
- [182-12-141](#) - Revert from an eligible position to another position.
- [182-12-171](#) - Retiree eligibility.